



PETRON MALAYSIA REFINING & MARKETING BERHAD
(Company Number 3927 V)

The Board of Directors of Petron Malaysia Refining & Marketing Berhad is pleased to announce the financial results of the Company for the quarter ended June 30, 2013 and for the six months period ended June 30, 2013.

This interim report is prepared in accordance with the requirements of Malaysian Financial Reporting Standard (MFRS) 134 "Interim Financial Reporting" and paragraph 9.22 of the Main Market Listing Requirements (BURSA Securities Listing Requirements) of Bursa Malaysia Securities Berhad (BMSB).



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousand Ringgit Malaysia, Except Per Share Amounts)
Unaudited

| | Note | April to June | | January to June | |
|---|-----------|-----------------|-----------------------|-----------------|-----------------------|
| | | 2013 | 2012 (As Restated) | 2013 | 2012 (As Restated) |
| Revenue | | 2,612,369 | 2,847,949 | 5,503,823 | 5,599,681 |
| Cost of sales | | (2,595,971) | (2,891,553) | (5,387,347) | (5,500,716) |
| Gross profit (loss) | | 16,398 | (43,604) | 116,476 | 98,965 |
| Other operating income | | 16,267 | 7,701 | 24,462 | 14,715 |
| Selling and administrative expense | | (44,897) | (43,962) | (98,596) | (100,547) |
| Operating (loss) income | | (12,232) | (79,865) | 42,342 | 13,133 |
| Other (expense) income - net | | (31,879) | (10,111) | (27,031) | 18,576 |
| Finance cost | | (16,577) | (14,370) | (33,276) | (21,473) |
| (Loss) Profit before tax | 15 | (60,688) | (104,346) | (17,965) | 10,236 |
| Tax benefit (expense) | 16 | 16,993 | 29,197 | 5,030 | (2,889) |
| (Loss) Profit for the period | | (43,695) | (75,149) | (12,935) | 7,347 |
| Other comprehensive loss net of tax: | | | | | |
| Actuarial loss in defined benefits obligation | | - | (2,187) | - | (4,373) |
| Total comprehensive (loss) income for the period | | (43,695) | (77,336) | (12,935) | 2,974 |
| (Loss) Profit attributable to equity holders of the Company | | (43,695) | (75,149) | (12,935) | 7,347 |
| Total comprehensive (loss) income attributable to equity holders of the Company | | (43,695) | (77,336) | (12,935) | 2,974 |
| (Loss) Earnings per share (sen) | 23 | (16.2) | (27.8) | (4.8) | 2.7 |

Certified by:


JOSUE C. BANEZ, JR.
Chief Finance Officer

(The condensed statements of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousand Ringgit Malaysia)

Unaudited

| | <i>Note</i> | <i>As at Jun 30, 2013</i> | <i>As at Dec 31, 2012 (As Restated)</i> | <i>As at Jan 01, 2012 (As Restated)</i> |
|--|-------------|-------------------------------|---|---|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | | 823,365 | 782,213 | 809,012 |
| Long-term assets | | 292,323 | 301,208 | 299,811 |
| Intangible assets- software | | 10,943 | 12,310 | - |
| TOTAL NON-CURRENT ASSETS | | 1,126,631 | 1,095,731 | 1,108,823 |
| CURRENT ASSETS | | | | |
| Inventories | | 664,277 | 730,659 | 659,213 |
| Receivables | | 690,747 | 748,740 | 568,595 |
| Amounts due from current related companies | | 105,111 | 146,736 | - |
| Amounts due from former related companies | | - | - | 156,095 |
| Tax recoverable | | 32,586 | 14,759 | 6,710 |
| Derivative financial assets | | 4,116 | - | - |
| Deposit, cash and bank balances | | 154,266 | 38,724 | 30,910 |
| TOTAL CURRENT ASSETS | | 1,651,103 | 1,679,618 | 1,421,523 |
| CURRENT LIABILITIES | | | | |
| Retirement benefits obligations | | 6,422 | 6,423 | 3,987 |
| Payables | | 841,518 | 797,022 | 139,383 |
| Amounts due to a current related company | | 10,445 | 8,321 | - |
| Amounts due to former related companies | | - | - | 569,264 |
| Borrowings (unsecured) | 18 | 900,000 | 900,000 | 821,553 |
| Derivative financial liabilities | | 2,793 | - | - |
| TOTAL CURRENT LIABILITIES | | 1,761,178 | 1,711,766 | 1,534,187 |
| NET CURRENT LIABILITIES | | (110,075) | (32,148) | (112,664) |
| LESS: NON-CURRENT LIABILITIES | | | | |
| Retirement benefits obligations | | 52,971 | 53,683 | 46,602 |
| Deferred income tax | | 62,328 | 67,358 | 68,291 |
| TOTAL NON-CURRENT LIABILITIES | | 115,299 | 121,041 | 114,893 |
| TOTAL NET ASSETS EMPLOYED | | 901,257 | 942,542 | 881,266 |

(The condensed statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousand Ringgit Malaysia)

Unaudited
(Continued)

| | | <i>As at</i> <i>Jun 30, 2013</i> | <i>As at</i> <i>Dec 31, 2012</i> <i>(As Restated)</i> | <i>As at</i> <i>Jan 01, 2012</i> <i>(As Restated)</i> |
|-----------------------------|----|-------------------------------------|---|---|
| FINANCED BY: | | | | |
| Share capital | | 135,000 | 135,000 | 135,000 |
| Retained earnings | 24 | 772,814 | 814,099 | 744,078 |
| Other reserves | 24 | (6,557) | (6,557) | 2,188 |
| SHAREHOLDERS' EQUITY | | 901,257 | 942,542 | 881,266 |

Certified by:


JOSUE C. BANEZ, JR.
Chief Finance Officer

(The condensed statements of financial position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Ringgit Malaysia and Number of Shares, in Thousand)

Unaudited

| | Issued and fully paid ordinary share of RM0.50 each | | Non-distributable | | | Distributable | |
|--|--|------------------|----------------------------------|-----------------------------------|-------------------------|----------------------|-----------------|
| | Number of ordinary share | Nominal value | Capital redemption reserve | Reserve for retirement plan | Total other reserves | Retained earnings | Total equity |
| At January 1, 2012 (restated) | 270,000 | 135,000 | 8,000 | (5,812) | 2,188 | 744,078 | 881,266 |
| Total comprehensive income attributable to equity holders | - | - | - | (4,373) | (4,373) | 7,347 | 2,974 |
| Dividends for the year ended December 31, 2011 | - | - | - | - | - | (28,350) | (28,350) |
| At June 30, 2012 (restated) | 270,000 | 135,000 | 8,000 | (10,185) | (2,185) | 723,075 | 855,890 |
| At January 1, 2013 (restated) | 270,000 | 135,000 | 8,000 | (14,557) | (6,557) | 814,099 | 942,542 |
| Total comprehensive loss attributable to equity holders | - | - | - | - | - | (12,935) | (12,935) |
| Dividends for the year ended December 31, 2012 | - | - | - | - | - | (28,350) | (28,350) |
| At June 30, 2013 | 270,000 | 135,000 | 8,000 | (14,557) | (6,557) | 772,814 | 901,257 |

Certified by: 
JOŠUE C. BANEZ, JR.
Chief Finance Officer

(The condensed statements of changes in equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in Thousand Ringgit Malaysia)

Unaudited

| | <i>January to June</i> | |
|---|------------------------|---------------|
| | <i>2013</i> | <i>2012</i> |
| | <i>(As Restated)</i> | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Net (loss) profit for the period | (12,935) | 7,347 |
| Adjustments for: | | |
| Property, plant and equipment | | |
| - Depreciation | 28,925 | 28,927 |
| - Write-off | 2,759 | 1,036 |
| Long-term assets | | |
| - Amortisation | 10,766 | 8,040 |
| - Loss on disposal | - | 2 |
| Amortisation of intangible asset | 1,367 | 10 |
| Impairment loss on receivables | 65 | - |
| Tax (benefit) expense | (5,030) | 2,889 |
| Interest income | (857) | (1,417) |
| Interest expense | 25,207 | 19,396 |
| Retirement / separation benefits cost | 2,642 | 2,460 |
| Unrealised foreign exchange loss | 5,458 | 1,893 |
| Unrealised fair value gain on derivatives | (1,323) | - |
| Changes in working capital | | |
| Decrease (Increase) in long-term assets | 148 | (15,046) |
| Decrease (Increase) in inventories | 66,382 | (164,893) |
| Decrease (Increase) in receivables | 58,946 | (22,509) |
| Decrease (Increase) in amounts due from current related companies | 41,625 | (71,514) |
| Decrease in amounts due from former related companies | - | 156,095 |
| Increase in amounts due to current related companies | 1,845 | 2,699 |
| Decrease in amounts due to former related companies | - | (569,264) |
| Increase in payables and provisions | 36,722 | 750,147 |
| Cash flows from operations | 262,712 | 136,298 |
| Interest received | 857 | 1,417 |
| Interest paid | (23,630) | (18,720) |
| Income taxes paid | (17,827) | (38,602) |
| Retirement / separation benefits paid | (3,355) | (5,337) |
| Net cash flows from operating activities | 218,757 | 75,056 |

(The condensed statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
CONDENSED STATEMENTS OF CASH FLOWS
(Amounts in Thousand Ringgit Malaysia)

Unaudited
(Continued)

| | <u>January to June</u> | |
|---|------------------------|-----------------|
| | <u>2013</u> | <u>2012</u> |
| | <i>(As Restated)</i> | |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (72,836) | (7,145) |
| Purchase of intangible assets | - | (134) |
| Payment for long-term assets | (2,029) | (3,269) |
| Proceeds from disposal of long-term asset | - | 270 |
| Net cash flows used in investing activities | (74,865) | (10,278) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of borrowings - net | - | 78,447 |
| Dividends paid | (28,350) | (28,350) |
| Increase in deposits with a related company | - | (67,141) |
| Net cash flows used in financing activities | (28,350) | (17,044) |
| | | |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 115,542 | 47,734 |
| | | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 38,724 | 30,910 |
| | | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 154,266 | 78,644 |

Certified by:


JOSUE C. BANEZ, JR.
Chief Finance Officer

(The condensed statements of cash flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)



PETRON MALAYSIA REFINING & MARKETING BERHAD
(Amounts in Thousand Ringgit Malaysia, Except Per Share Data)

Part A - Explanatory Notes Pursuant to MFRS 134

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (BMSB). These interim financial statements also comply with IAS 134 Interim Financial Reporting issued by the International Accounting Standards Board.

The explanatory notes to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and the performance of the Company since the financial year ended December 31, 2012.

2. Summary of Significant Accounting Policies

a) Changes in Accounting Policies

The audited financial statements of the Company for the year ended December 31, 2012 were prepared in accordance with MFRS. The same accounting policies and methods of computation are followed in the interim financial statements as for the financial statements for the year ended December 31, 2012 except as disclosed below:

On January 1, 2013, the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after January 1, 2013.

- MFRS 11 Joint Arrangements
- MFRS 13 Fair Value Measurement
- Amendment to MFRS 1 First-time Adoption of MFRSs
- Amendments to MFRS 7 Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendment to MFRS 101 Presentation of Items of Other Comprehensive Income
- Amendment to MFRS 101 Presentation of Financial Statements
- Amendment to MFRS 116 Property, Plant and Equipment
- Amendment to MFRS 132 Financial instruments: Presentation
- Amendment to MFRS 134 Interim Financial Reporting
- Revised MFRS 119 Employee benefits

The adoption of the above standards did not have any effect on the financial performance or position of the Company except for revised MFRS 119 Employee Benefits as discussed below:

Revised MFRS 119 Employee Benefits

The amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. Actuarial gains and losses will no longer be deferred using the corridor approach.

The following are the effects arising from the above change in accounting policy:

| | <i>Increase (decrease)</i> | |
|---|----------------------------|------------------------------------|
| | <i>As at</i> | <i>As at</i> |
| | <i>Jan 01, 2012</i> | <i>Dec 31, 2012</i> |
| <u>Statement of financial position</u> | | |
| Retirement benefits obligations (non-current) | 7,750 | 19,143 |
| Deferred income tax | (1,938) | (4,786) |
| Other reserves | (5,812) | (14,557) |
| Retained earnings | - | 200 |
| | | <hr/> |
| | | <i>Increase (decrease)</i> |
| | | <u><i>January to June 2012</i></u> |
| <u>Statement of comprehensive income</u> | | |
| Selling and administrative expense | | (135) |
| Profit before tax | | 135 |
| Tax expense | | 33 |
| Profit net of tax | | 102 |
| Other comprehensive loss, net of tax | | 4,373 |
| Total comprehensive income | | <hr/> (4,271) |

b) Standards, Amendments to Published Standards and Interpretations to Existing Standards that are applicable to the Company but not yet effective

The new standards and amendments to published standards applicable to the Company that will be effective but have not been early adopted by the Company, are as follows:

i) Standard effective from January 1, 2014

- Amendments to MFRS 132 Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities. It clarifies the requirements for offsetting financial instruments such as the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

ii) Standard effective from January 1, 2015

- MFRS 9 Financial instruments - classification and measurement of financial assets and financial liabilities. The revised standard replaces the multiple classification and measurement models in MFRS 139 with a single model that has only two classification categories: amortised cost and fair value.

The Company will apply the above standards and amendments from financial period beginning January 1, 2014 and January 1, 2015 respectively.

The adoptions of these standards are not expected to have a material impact on the financial position of the Company.

3. Comments about Seasonal or Cyclical Factors

The operations of the business are not seasonal or cyclical in nature.

4. Unusual Items Due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income and cash flows of the Company during the current quarter.

5. Changes in Estimates

There were no changes in estimates that have had a material effect in the current quarter.

6. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale or repayments of debt and equity securities during the current quarter.

7. Dividend Paid

The amounts of dividends paid since December 31, 2012 are as follows:

In respect of the year ended December 31, 2012:

| | |
|--|---------------|
| Final dividend per ordinary share, paid on June 20, 2013 | |
| - 14 sen gross less Malaysian income tax at 25% | <u>28,350</u> |

8. Segmental Information

The Company is organised as one integrated business segment which operates to manufacture and sell petroleum products. These integrated activities are known across the petroleum industry as the Downstream segment. As such, the assets and liabilities are disclosed within the financial statements as one segment.

Revenues are mainly derived from the sale of petroleum products to domestic customers including its affiliates and competitors, and sales to Concord Energy Pte. Ltd. A breakdown of the revenues by geographical location is as follows:

| | <i>3 months ended</i> | | <i>Year ended</i> | |
|-----------------------|-----------------------|-------------------|-------------------|-------------------|
| | <u>30.06.2013</u> | <u>30.06.2012</u> | <u>30.06.2013</u> | <u>30.06.2012</u> |
| Domestic | 2,321,324 | 2,414,178 | 4,852,313 | 4,857,505 |
| Singapore | 291,045 | 433,771 | 651,510 | 742,176 |
| Total Revenues | 2,612,369 | 2,847,949 | 5,503,823 | 5,599,681 |

For the year ended June 30, 2013 approximately RM1,986,278 (2012: RM1,374,206) of the revenues are derived from two (one related party for 2012) major customers, one of whom is a related party to the Company.

All non-current assets of the Company are located in Malaysia.

9. Changes in Composition of the Company

There were no changes in the composition of the Company during the current quarter.

10. Changes in Contingent Liabilities

There were no significant changes in contingent liabilities or contingent assets since the last annual statement of financial position as at December 31, 2012.

11. Capital Commitments

Capital commitments not provided for in the Interim Financial Report as at June 30, 2013 are as follows:

| | |
|--|----------------|
| Property, plant & equipment | |
| Approved and contracted for | 59,336 |
| Approved but not contracted for | 273,349 |
| Total | 332,685 |

12. Review of Performance - Current Financial Period ended June 30, 2013

Petron Malaysia Refining & Marketing Berhad (PMRMB), part of Petron Corporation of the Philippines, generated moderate revenues in the first half of 2013 at RM5.5 billion compared to RM5.6 billion over the same period last year. It recorded a 4% rise of sales volume to 14.6 million barrels, compared to 14.1 million barrels sold in the first half of last year.

However, the Company's financial performance for the first half of 2013 contracted to RM13 million net loss from RM7 million net income posted in the same period in 2012. Volatility in the global oil markets in the second quarter, marked by prolonged periods of crude and finished products drop in prices, as contributing to thinner margins on higher-costing inventory sold during the second quarter of the year. The Company also attributed decline in profit to higher foreign exchange losses due to further appreciation of the US Dollar against Ringgit Malaysia during the period. Crude and finished products are traded in US Dollars in the international market.

While PMRMB incurred an after tax loss of RM44 million in the second quarter of 2013, this is lower by 41% from the after tax loss of RM75 million in the same quarter last year. PMRMB made RM31 million income in the first quarter of the year, marked by higher product prices compared to second quarter.

13. Commentary on Prospects

Amidst the challenging the business environment, PMRMB is continuing its efforts towards improvement of the Company's business processes and operations, which are being actively pursued to help grow the business and provide sustainable returns.

PMRMB is on course to complete its upgrading and rebranding of service stations to Petron brand station, having completed 130 stations to-date in the major cities in Johor, Negeri Sembilan, Melaka, Penang, Perak and Kedah including Klang Valley. The rebranding program will continue until end of 2014 where over 550 stations (including that of its sister companies) will reflect the new brand and full fledged of personalized Petron services.

Through the newly rebranded stations, consumers are able to experience its premium fuels namely, Petron Blaze RON 97, Petron Blaze RON 95, DieselMax, and improved facilities.

14. Profit Forecast or Profit Guarantee

As a matter of policy, the Company does not make profit forecasts or profit guarantees.

15. Commentary on Profit before Tax

The profit before tax is arrived at after charging (crediting) the following items:

| | <i>3 months ended</i> | | <i>Year ended</i> | |
|-----------------------------------|-----------------------|-------------------|-------------------|-------------------|
| | <i>30.06.2013</i> | <i>30.06.2012</i> | <i>30.06.2013</i> | <i>30.06.2012</i> |
| Property, plant and equipment | | | | |
| - Depreciation | 14,775 | 14,441 | 28,925 | 28,927 |
| - Write-off | 2,013 | 22 | 2,759 | 1,036 |
| Long-term assets | | | | |
| - Amortisation | 5,383 | 3,746 | 10,766 | 8,040 |
| - Loss on disposal | - | 4 | - | 2 |
| Amortisation of intangible assets | 683 | 8 | 1,367 | 10 |
| Interest income | (439) | (1,221) | (857) | (1,417) |
| Interest expense | 12,392 | 12,368 | 25,207 | 19,396 |
| Impairment loss on receivables | - | - | 65 | - |
| Foreign exchange | | | | |
| - Realised loss (gain) | 8,143 | 18,751 | 20,507 | (8,994) |
| - Unrealised loss (gain) | 9,859 | (2,608) | 5,458 | 1,893 |
| Fair value changes on derivatives | | | | |
| - Realised loss | 21,060 | - | 11,456 | - |
| - Unrealised gain | (3,014) | - | (1,323) | - |

There are no exceptional items, inventories written down or written off, gain or loss on disposal of quoted or unquoted investments or properties.

16. Tax expense

| | <i>3 months ended</i> | | <i>Year ended</i> | |
|---|-----------------------|-------------------|-------------------|-------------------|
| | <i>30.06.2013</i> | <i>30.06.2012</i> | <i>30.06.2013</i> | <i>30.06.2012</i> |
| Income tax expense | | | | |
| - Current | (12,562) | (30,560) | - | 3,482 |
| Deferred income tax | | | | |
| - Origination and reversal of temporary differences | (4,431) | 1,363 | (5,030) | (593) |
| Income tax (benefit) expense recognised in profit or loss | (16,993) | (29,197) | (5,030) | 2,889 |
| Deferred income tax related to other comprehensive loss | | | | |
| - Actuarial loss in defined benefits obligation | - | (728) | - | (1,457) |

The effective tax rate is normally higher than the statutory tax rate primarily reflecting the varying relationship of the non-deductible expenses (which are relatively fixed over time) to changing levels of profit or loss from period to period.

17. Corporate Proposals

There were no corporate proposals.

18. Borrowings

The Company's borrowings as at June 30, 2013 are as follows:

| | |
|-----------------------|----------------|
| Short-term, unsecured | <u>900,000</u> |
|-----------------------|----------------|

19. Derivative Financial Instruments

As at June 30, 2013, the Company has the following outstanding derivative financial instruments:

| <i>Type of derivatives</i> | <i>Contract/ Notional value</i> | <i>Cash paid</i> | <i>Fair value</i> | |
|--|-------------------------------------|----------------------|-------------------|--------------------|
| | | | <i>Assets</i> | <i>Liabilities</i> |
| Derivatives at fair value through profit or loss | | | | |
| - Foreign currency forward contract | 449,303 | - | 4,116 | (2,793) |

The Company enters into foreign currency forward contracts to manage its exposures on foreign currency arising from payables for crude purchases denominated in US Dollar. All of the forward contracts have maturities of less than 180 days after the end of the reporting period.

The foreign currency forward contracts are transacted with one of the Company's bankers and traded on over-the-counter ("OTC") markets. Hence, credit risk for non-performance by the counterparties and liquidity risk associated with these derivative instruments are minimal. The Company does not apply hedge accounting.

Derivatives are financial instruments classified at fair value through profit or loss. Derivative instruments are initially recognised at fair value on the date in which a derivative transaction is entered into, and are subsequently re-measured at fair value. Gains and losses from changes in fair value of these derivatives are recognised directly in profit or loss.

20. Gains and Losses Arising from Fair Value Changes of Financial Liabilities

The gains and losses arising from fair value changes of financial liabilities measured at fair value through profit or loss are as follows:

| | <i>(Gain) Loss</i> | | <i>Basis for fair value measurement</i> |
|----------------------------------|--------------------------------------|----------------------------------|---|
| | <i>3 months ended 30.06.2013</i> | <i>Year ended 30.06.2013</i> | |
| Derivative financial liabilities | 984 | 2,793 | Level 2 measurement (OTC price) |

The fair value losses on derivative financial liabilities are due to underlying risk variables have become potentially unfavourable.

Except for the derivative financial liabilities, all other financial liabilities are measured at the amortised cost using effective interest method. Hence, no gain or loss is recognised for changes in the fair values of these liabilities.

21. Changes in Material Litigation

There were no significant changes to material litigation since December 31, 2012.

22. Dividend Payable

The Company did not declare any dividends for the three months ended June 30, 2013.

23. Earnings per Ordinary Share

| | <i>3 months ended</i> | | <i>Year ended</i> | |
|--|-----------------------|-------------------|-------------------|-------------------|
| | <u>30.06.2013</u> | <u>30.06.2012</u> | <u>30.06.2013</u> | <u>30.06.2012</u> |
| (Loss) Profit for the period attributable to equity holders of the Company | (43,695) | (75,149) | (12,935) | 7,347 |
| Number of ordinary shares in issue ('000) | 270,000 | 270,000 | 270,000 | 270,000 |
| (Loss) Earnings per share (sen) | (16.2) | (27.8) | (4.8) | 2.7 |

24. Reserves

| | <i>As at</i> | |
|-----------------------------|-------------------|-------------------|
| | <u>30.06.2013</u> | <u>30.06.2012</u> |
| Non-distributable | | |
| Capital redemption reserve | 8,000 | 8,000 |
| Reserve for retirement plan | (14,557) | (10,185) |
| Other reserves | (6,557) | (2,185) |
| Distributable | | |
| Retained earnings | 772,814 | 723,075 |
| Total reserves | 766,257 | 720,890 |

25. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the Company's financial statements for the year ended December 31, 2012 was not qualified.

26. Supplementary information disclosed pursuant to Bursa Malaysia Securities Berhad Listing Requirements

The following analysis of realised and unrealised retained profits at the legal entity level is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants whilst the disclosure is based on the prescribed format by the Bursa Malaysia Securities Berhad.

| | <i>As at</i> | |
|-------------------------------|-------------------|-------------------|
| | <u>30.06.2013</u> | <u>31.12.2012</u> |
| Total retained profits: | | |
| - realised | 839,277 | 880,504 |
| -unrealised | (66,463) | (66,405) |
| Total retained profits | 772,814 | 814,099 |

The disclosure of realised and unrealised profits above is solely for compliance with the directive issued by the Bursa Malaysia Securities Berhad and should not be used for any other purpose.